

	Policy No: A-103
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CONFLICT OF INTEREST POLICY	

PURPOSE

The Board of Directors shall monitor the transactions between the Southwestern Oregon Workforce Investment Board (SOWIB) and *substantial influencers* to ensure that any transaction between the SOWIB and a *substantial influencer* that is a conflict of interest is fair to the corporation and does not grant excessive benefit to the *substantial influencer*. The purposes of this policy are to ensure that directors and officers act loyally to the corporation and that directors, officers, and those who exercise substantial influence over the corporation do not use their influence to obtain benefits in excess of fair market value in transactions with the corporation. This policy seeks to ensure that SOWIB maintains high ethical standards and observes state and federal taxation concerning conflicts and excess benefits transactions.

REFERENCES

WIOA Section 102(b)(2)(E)(i); Section 107(h)
 20 CFR 683.200(c)(5)(i); 200.112
 HECC-OWI Policy – Conflict of Interest

DEFINITIONS

1. Definition of Conflict - A conflict of interest arises when a *substantial influencer* described below may benefit financially from a decision he or she could make in his or her capacity as a *substantial influencer*, including indirect benefits to family members or businesses with which the *substantial influencer* is closely associated. A conflict of interest arises in any such transaction between SOWIB and a *substantial influencer*, except for (1) transactions in the normal course of operations that are available to the general public under similar terms and circumstances, and (2) expense reimbursements to a *substantial influencer* made pursuant to an accountable plan under IRS Reg. 1.62-2(c)(2).
2. Conflicts that Fall Outside of Definition – The board recognizes that this policy may not describe all of the transactions or matters in which a *substantial influencer* or an individual or business closely connected with a *substantial influencer* may engage in a transaction or other matter with SOWIB that creates divided loyalties or the possibility or perception of a conflict of interest or of unfair advantage to the other party. In such a case, the board shall determine whether the transaction should be treated as a conflict of interest under this policy or should otherwise be scrutinized.

3. Substantial Influencer - A *substantial influencer* is any of the following persons, family members, or entities:
- Any person who is in a position of authority over the corporation or who exerts substantial influence over the corporation, including directors, officers, the top management official, the top financial official, other key employees, the founders, and major donors. A *substantial influencer* described in this section remains a *substantial influencer* for five years after his or her influence over the corporation ends.
 - Family members of *substantial influencers* are also *substantial influencers*. Family members include the spouse or partner in a civil union recognized by state law; children, grandchildren, great-grandchildren, whole and half-blooded brothers and sisters, and spouses of any of these people; and any ancestors (parent, grandparents, etc.)
 - An entity in which a director is a general partner, director, officer, top management official, top financial official or other key employee is a *substantial influencer*. Corporations and limited liability companies in which a *substantial influencer* owns more than 5% of the voting power, partnerships in which the *substantial influencer* owns more than 5% of the profits and trusts or estates in which the *substantial influencer* owns more than 5% of the beneficial interest are - *influencer* if:
 - one of the SOWIB directors is also a director or officer of the other entity, and
 - SOWIB and the other entity are engaged in a transaction that is significant enough that the transaction is or should be approved by the boards of both organizations.
4. Loans to Directors or Officers – SOWIB cannot make a loan or guarantee an obligation to or for the benefit of any of its directors or officers.

PROCEDURE

To ensure that transactions with *substantial influencers* are fair to the corporation and comply with state and federal laws, the following procedures apply:

- Full Disclosure – All *substantial influencers* must promptly and fully disclose all material facts of every actual or potential conflict of interest to the Board of Directors at the time such conflict arises.
- Determination of Fairness – When the corporation is in a transaction with a *substantial influencer* that constitutes a conflict of interest, the Board shall handle the transaction as follows:
 - Impartial Board - The Board shall exclude any *substantial influencer* that has a conflict of interest with respect to the transaction from all discussion and from voting on the transaction. The Board may ask questions of the *substantial*

- influencer* prior to beginning discussions. The Board may require the *substantial influencer* to leave the meeting room.
- b. Comparable Data – The Board shall gather appropriate data to ensure that the transaction with each *substantial influencer* is reasonable. In the case of employee compensation packages, the Board shall utilize reliable surveys of compensation for comparable positions or shall utilize data for at least three similarly situated employees in comparable positions. The Board shall not use the employee whose compensation is under consideration to collect comparability data.
 - c. Documentation – The Board shall document its decision by keeping written records that state the terms of the transaction and date approved, the directors present and who voted on it, the comparability data and how the data was obtained, and any actions taken with respect to directors who had a conflict of interest with respect to the transaction. The records must be prepared before the latter of the next Board meeting or 60 days after the final action is taken. Once prepared, the records must be reviewed and approved by the Board within a reasonable time.
3. Identification of Employee Substantial Influencers – When employee compensation packages are established each year, the Board shall identify those employees who are *substantial influencers*. The Board shall monitor the compensation packages of *substantial influencers* in accordance with the procedure in Section 3.2 above.
4. Reporting Benefits – When SOWIB provides an economic benefit to a *substantial influencer* for the *substantial influencer's* services as an employee or an independent contractor, the corporation shall contemporaneously document the transaction as required by the IRS (generally on an original Form W-2, Form 990, or Form 1099 or with a written employment contract).

Administrative operational expenses which provide some benefits to programs as well. Office lease and supplies, phones and internet, commonly used office equipment.

COMPLIANCE WITH THIS POLICY

In order to ensure compliance with this policy:

- 1. Annual Disclosure Statement – The officers, directors, and key employees shall each year disclose interests that could give rise to a conflict of interest under this policy. Such disclosure shall be made on the Disclosure and Acknowledgement attached to this policy and shall be filed with the Secretary or the Secretary's designee.
- 2. List of Potential Substantial Influencers – On an annual basis, the Secretary of the corporation or the Secretary's designee shall develop and maintain a list of *substantial*

influencers who engage in or are reasonably likely to engage in transactions that constitute conflicts of interest with the corporation during the year.

3. Ongoing Disclosure Obligation – Officers, directors, and key employees shall have an ongoing obligation to notify the Board promptly of interests that subsequently arise that could give rise to a conflict of interest under this policy.
4. Monitoring by Secretary – The Secretary or the Secretary's designee shall monitor and enforce compliance with this policy by reviewing the list of *substantial influencers* and the Disclosure and Acknowledgement forms each year and by bringing potential or actual conflicts to the attention of the Chairperson of the Board. The Chairperson shall disclose conflicts to the Board as they arise and ensure that the procedures in this policy are followed.
5. Conveyance to Executive Director – The Secretary or the Secretary's designee shall convey the list of *substantial influencers* identified above to the Executive Director and shall instruct the Executive Director to notify the Board if the Executive Director or any employee plans to engage in a transaction with a *substantial influencer* that constitutes a conflict of interest, including payment or reimbursement for business or travel expenses of the *substantial influencer* and/or members of the *substantial influencer's* family not made pursuant to an accountable plan under IRS Reg. 1.62-2(c)(2). If so, the Board shall monitor the transaction to ensure that it complies with the procedure in Section 3 above.

DELEGATION TO COMMITTEE

The Board may delegate its responsibilities under this policy to a committee of the Board. The committee shall comply with this policy and shall report its decision to the Board in a timely fashion.